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Senate Engrossed

State of Arizona
Senate
Forty-seventh Legislature
First Regular Session
2005

SENATE BILL 1517

AN ACT

AMENDING SECTIONS 15-1466, 15-1626, 15-1661, 15-1683, 15-1721, 15-1723, 15-1724 AND 15-1725, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 13, ARTICLE 7, ARIZONA REVISED STATUTES, BY ADDING SECTIONS 15-1726, 15-1727 AND 15-1728; AMENDING SECTION 35-174, ARIZONA REVISED STATUTES; MAKING APPROPRIATIONS; RELATING TO HIGHER EDUCATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 15-1466, Arizona Revised Statutes, is amended to
3 read:

4 15-1466. State aid; eligibility; limitations

5 A. Subject to legislative appropriation, the legislature shall
6 determine and appropriate the amount of state aid each fiscal year for any
7 district possessing the qualifications as prescribed in this chapter.

8 B. The state shall determine the amount of state aid, as prescribed in
9 subsection F of this section, appropriated to each district for the fiscal
10 year prior to the fiscal year for which the state aid is being calculated.

11 C. The state shall adjust the amount of state aid appropriated to each
12 district as determined in subsection B of this section by the growth rate
13 referenced by section 15-901, subsection B, paragraph 2. This amount shall
14 be appropriated to the district except as provided in subsection D of this
15 section.

16 D. In addition to the state aid appropriated in subsection C of this
17 section, each district qualified under this chapter shall have its state aid
18 adjusted in an amount that reflects the growth in the full-time equivalent
19 student count of the district calculated as follows:

20 1. Calculate the growth in the actual, audited full-time equivalent
21 student count between the second and third most recent fiscal years prior to
22 the fiscal year for which the state aid is being calculated for each
23 district.

24 2. Calculate the average appropriation per full-time equivalent
25 student for all districts by dividing the amount determined in subsection B
26 of this section by the actual, audited full-time equivalent student count for
27 all districts in the most recent fiscal year.

28 3. Multiply the amount calculated in paragraph 1 of this subsection by
29 the average appropriation calculated in paragraph 2 of this subsection. This
30 amount shall be appropriated to the district for growth.

31 E. State aid appropriated to each district shall be allocated and paid
32 in accordance with subsection C of this section before any funding is
33 allocated and paid in accordance with subsection D of this section.

34 F. The total amount appropriated to each district each fiscal year in
35 accordance with subsections C and D of this section shall serve as the amount
36 of state aid to be adjusted in the next fiscal year. A DISTRICT IS NOT
37 ELIGIBLE FOR GROWTH FUNDING PURSUANT TO THIS SECTION UNLESS THE MOST RECENT
38 AUDITED FULL-TIME STUDENT EQUIVALENT COUNT EXCEEDS THE HIGHEST AUDITED
39 FULL-TIME STUDENT EQUIVALENT COUNT RECORDED FROM AND AFTER FISCAL YEAR
40 2003-2004.

41 G. To be eligible for state aid, a district shall:

42 1. Be equipped with suitable buildings, equipment and campus.

43 2. Have AT LEAST three hundred twenty full-time equivalent students
44 attending in the district.

45 3. Have complied with all of the requirements of the district board
46 including budgets and curriculum.

1 H. Notwithstanding subsection E of this section, the legislature may
2 allocate funding for growth in the full-time equivalent student count prior
3 to or in combination with funding of the growth rate.

4 I. The total amount of state monies that may be spent in any fiscal
5 year by a district for operating state aid shall not exceed the amount
6 appropriated or authorized by section 35-173 for that purpose.
7 Notwithstanding section 15-1444, this section shall not be construed to
8 impose a duty on an officer, agent or employee of this state to discharge a
9 responsibility or to create any right in a person or group if the discharge
10 or right would require an expenditure of state monies in excess of the
11 expenditure authorized by legislative appropriation for that specific
12 purpose, including any duties prescribed in an employment contract entered
13 into pursuant to section 15-1444, subsection A, paragraph 6.

14 J. In addition to the formula to determine the state aid
15 appropriations prescribed in this section, the state may pay additional
16 amounts for state aid to a district based on requests included in the
17 district's budget request.

18 K. This section does not entitle a community college operated by a
19 qualified Indian tribe to state aid for community colleges pursuant to this
20 chapter.

21 Sec. 2. Section 15-1626, Arizona Revised Statutes, is amended to read:
22 15-1626. General administrative powers of board

23 A. The board shall:

24 1. Have and exercise the powers necessary for the effective governance
25 and administration of the institutions under its control. To that end, the
26 board may adopt, and authorize each university to adopt, such regulations,
27 policies, rules or measures as are deemed necessary and may delegate in
28 writing to its committees, to its university presidents, or their designees,
29 or to other entities under its control, any part of its authority for the
30 administration and governance of such institutions, including those powers
31 enumerated in section 15-1625, subsection B, paragraphs 2 and 4, paragraphs
32 3, 4, 7, 8, 10 and 11 of this subsection, and subsection B of this section.
33 Any delegation of authority may be rescinded by the board at any time in
34 whole or in part.

35 2. Appoint and employ and determine the compensation of presidents
36 with such power and authority and for such purposes in connection with the
37 operation of the institutions as the board deems necessary.

38 3. Appoint and employ and determine the compensation of
39 vice-presidents, deans, professors, instructors, lecturers, fellows and such
40 other officers and employees with such power and authority and for such
41 purposes in connection with the operation of the institutions as the board
42 deems necessary, or delegate its authority pursuant to paragraph 1 of this
43 subsection.

44 4. Remove any officer or employee when the interests of education in
45 this state so require in accordance with its personnel rules and policies.

1 5. Fix tuitions and fees to be charged and ~~graduate~~ DIFFERENTIATE the
2 tuitions and fees between institutions and between residents, nonresidents,
3 ~~and~~ UNDERGRADUATE STUDENTS, GRADUATE STUDENTS, students from foreign
4 countries AND STUDENTS WHO HAVE EARNED CREDIT HOURS IN EXCESS OF THE CREDIT
5 HOUR THRESHOLD, EXCEPT STUDENTS WHOSE CHOSEN PROGRAM REQUIRES FOR A DEGREE
6 ADDITIONAL CREDIT HOURS ABOVE THE CREDIT HOUR THRESHOLD. FOR THE PURPOSES OF
7 THIS PARAGRAPH, THE CREDIT HOUR THRESHOLD IS ONE HUNDRED FIFTY-FIVE HOURS IN
8 FISCAL YEAR 2006-2007, ONE HUNDRED FIFTY HOURS IN FISCAL YEAR 2007-2008 AND
9 ONE HUNDRED FORTY-FIVE HOURS AFTER FISCAL YEAR 2007-2008. The amount of
10 tuition, registration fees and other revenues included in the operating
11 budget for the university adopted by the board as prescribed in paragraph 12
12 of this subsection shall be deposited, pursuant to sections 35-146 and
13 35-147. All other tuition and fee revenue shall be retained by each
14 university for expenditure as approved by the board. Except as provided in
15 subsection H of this section, the Arizona board of regents shall adopt rules
16 to govern its tuition and fee setting process ~~which shall provide~~ THAT
17 PROVIDE for the following:

18 (a) At least one public hearing at each university as an opportunity
19 for students and members of the public to comment upon any proposed increase
20 in tuition or fees.

21 (b) Publication of the notice of public hearing at least ten days
22 prior to the hearing in a newspaper of general circulation in Maricopa
23 county, Coconino county and Pima county. The notice shall include the date,
24 time and location of the public hearing.

25 (c) Public disclosure by each university of any proposed increases in
26 tuition or fees at least ten days prior to the public hearing.

27 (d) Final board action on changes in tuition or fees shall be taken by
28 roll call vote.

29 The procedural requirements of subdivisions (a), (b), (c) and (d) apply only
30 to those changes in tuition or fees that require board approval.

31 6. Pursuant to section 35-115, submit a budget request for each
32 institution under its jurisdiction that includes the estimated tuition and
33 fee revenue available to support the programs of the institution as described
34 in the budget request. The estimated available tuition and fee revenue shall
35 be based on the tuition and registration fee rates in effect at the time the
36 budget request is submitted with adjustments for projected changes in
37 enrollment as provided by the board.

38 7. Establish curriculums and designate courses at the several
39 institutions which in its judgment will best serve the interests of this
40 state.

41 8. Award such degrees and diplomas upon the completion of such courses
42 and curriculum requirements as it deems appropriate.

43 9. Prescribe qualifications for admission of all students to the
44 universities. The board shall establish policies for guaranteed admission
45 that assure fair and equitable access to students in this state from public,
46 private, charter and home schools. For the purpose of determining the

1 qualifications of honorably discharged veterans, veterans are those PERSONS
2 who served in the armed forces for a minimum of two years and who were
3 previously enrolled at a university or community college in this state. No
4 prior failing grades received by the veteran at the university or community
5 college in this state may be considered.

6 10. Adopt any energy conservation standards promulgated by the
7 department of administration for the construction of new buildings.

8 11. Employ for such time and purposes as the board requires attorneys
9 whose compensation shall be fixed and paid by the board. Litigation to which
10 the board is a party and for which self-insurance is not provided may be
11 compromised or settled at the direction of the board.

12 12. Adopt annually an operating budget for each university equal to the
13 sum of appropriated general fund monies and the amount of tuition,
14 registration fees and other revenues approved by the board and allocated to
15 each university operating budget.

16 13. In consultation with the state board of education and other
17 education groups, develop and implement a program to award honors
18 endorsements to be affixed to the high school diplomas of qualifying high
19 school pupils and to be included in the transcripts of pupils who are awarded
20 endorsements. The board shall develop application procedures and testing
21 criteria and adopt testing instruments and procedures to administer the
22 program. In order to receive an honors endorsement, a pupil must demonstrate
23 an extraordinary level of knowledge, skill and competency as measured by the
24 testing instruments adopted by the board in mathematics, English, science and
25 social studies. Additional subjects may be added at the determination of the
26 board. The program is voluntary for pupils.

27 14. Require the publisher of each literary and nonliterary textbook
28 used in the universities of this state to furnish computer software in a
29 standardized format when software becomes available for nonliterary
30 textbooks, to the Arizona board of regents from which braille versions of the
31 textbooks may be produced.

32 15. Require universities that provide a degree in education to require
33 courses that are necessary to obtain a provisional structured English
34 immersion endorsement as prescribed by the state board of education.

35 B. The board shall adopt personnel rules. All nonacademic employees
36 of the universities are subject to these rules except for university
37 presidents, university vice-presidents, university deans, legal counsel and
38 administrative officers. The personnel rules shall be similar to the
39 personnel rules under section 41-783. The rules shall include provisions for
40 listing available positions with the department of economic security,
41 competitive employment processes for applicants, probationary status for new
42 nonacademic employees, nonprobationary status on successful completion of
43 probation and due process protections of nonprobationary employees after
44 discharge. The board shall provide notice of proposed rule adoption and an
45 opportunity for public comment on all personnel rules proposed for adoption.

1 C. The Arizona board of regents may employ legal assistance in
2 procuring loans for the institutions from the United States government. Fees
3 or compensation paid for such legal assistance shall not be a claim upon the
4 general fund of this state but shall be paid from funds of the institutions.

5 D. The board shall approve or disapprove any contract or agreement
6 entered into by the university of Arizona hospital with the Arizona health
7 facilities authority.

8 E. The board may adopt policies which authorize the institutions under
9 its jurisdiction to enter into employment contracts with nontenured employees
10 for periods of more than one year but not more than five years. The policies
11 shall prescribe limitations on the authority of the institutions to enter
12 into employment contracts for periods of more than one year but not more than
13 five years, including the requirement that the board approve the contracts.

14 F. The board may adopt a plan or plans for employee benefits which
15 allow for participation in a cafeteria plan that meets the requirements of
16 the United States internal revenue code of 1986.

17 G. The board may establish a program for the exchange of students
18 between the universities under the jurisdiction of the board and colleges and
19 universities located in the state of Sonora, Mexico. Notwithstanding
20 subsection A, paragraph 5 of this section, the program may provide for
21 in-state tuition at the universities under the jurisdiction of the board for
22 fifty Sonoran students in exchange for similar tuition provisions for up to
23 fifty Arizona students enrolled or seeking enrollment in Sonoran colleges or
24 universities. The board may direct the universities to work in conjunction
25 with the Arizona-Mexico commission to coordinate recruitment and admissions
26 activities.

27 H. Subsection A, paragraph 5, subdivisions (a), (b), (c) and (d) of
28 this section do not apply to fee increases that are set by individual
29 universities and that do not require approval by the Arizona board of regents
30 before the fee increase becomes effective.

31 Sec. 3. Section 15-1661, Arizona Revised Statutes, is amended to read:
32 15-1661. Annual appropriation; expenditure; balance; salaries

33 A. There shall be appropriated in the general appropriation bill for
34 each fiscal year a sum of monies not less than eighty-five one-hundredths of
35 one mill on the dollar of the assessed valuation of all taxable property in
36 the state for the improvement, support and maintenance of the institutions
37 under the Arizona board of regents' jurisdiction, including payment of
38 salaries, current expenses, purchase of equipment, making necessary repairs,
39 construction of new buildings, purchase of lands and in general for payment
40 of all such expenses connected with the management of the institutions under
41 the Arizona board of regents' jurisdiction. The department of revenue ~~shall~~,
42 upon compiling the aggregate assessed valuation of all taxable property
43 within this state, SHALL compute the amount of monies so determined and
44 certify such amount over its seal to the department of administration and the
45 state treasurer.

1 B. THE FULL-TIME EQUIVALENT STUDENT ENROLLMENT REPORTED FOR THE
2 PREVIOUS FISCAL YEAR BY EACH UNIVERSITY SHALL BE AUDITED ANNUALLY BY THE
3 AUDITOR GENERAL. THE AUDITOR GENERAL SHALL REPORT THE RESULTS OF THE AUDIT
4 TO THE STAFFS OF THE JOINT LEGISLATIVE BUDGET COMMITTEE AND THE GOVERNOR'S
5 OFFICE OF STRATEGIC PLANNING AND BUDGETING ON OR BEFORE OCTOBER 15 OF EACH
6 YEAR. BEGINNING IN 2006, ON OR BEFORE JULY 21 OF EACH YEAR, EACH UNIVERSITY
7 SHALL PROVIDE A CERTIFIED REPORT TO THE AUDITOR GENERAL OF THE NUMBER OF
8 FULL-TIME EQUIVALENT STUDENTS CALCULATED BY THE UNIVERSITY. THE UNIVERSITY'S
9 RECORDS USED TO CALCULATE FULL-TIME EQUIVALENT STUDENT ENROLLMENT SHALL BE
10 PROVIDED TO THE AUDITOR GENERAL IN AN ELECTRONIC FORMAT PRESCRIBED BY THE
11 AUDITOR GENERAL. BEGINNING IN 2006, EACH UNIVERSITY SHALL SUBMIT TO THE
12 AUDITOR GENERAL A SUMMARY OF ITS FULL-TIME EQUIVALENT STUDENT ENROLLMENT
13 ACCOUNTING POLICIES AND PROCEDURES, COMPILATION PROCEDURES AND SOURCE RECORDS
14 USED FOR CALCULATING FULL-TIME EQUIVALENT STUDENT ENROLLMENT. THESE
15 ACCOUNTING POLICIES AND PROCEDURES, COMPILATION PROCEDURES AND SOURCE RECORDS
16 SHALL COMPLY WITH POLICIES DEVELOPED ON OR BEFORE JUNE 30, 2006 BY THE
17 ARIZONA BOARD OF REGENTS, IN CONSULTATION WITH THE AUDITOR GENERAL AND
18 REVIEWED BY THE JOINT LEGISLATIVE BUDGET COMMITTEE. THESE POLICIES SHALL
19 INCLUDE MINIMUM REQUIREMENTS FOR STUDENTS ENROLLED IN CLASSES TO QUALIFY FOR
20 APPROPRIATIONS PURSUANT TO THIS SECTION, INCLUDING REQUIREMENTS THAT THE
21 CLASS BE A FOR-CREDIT COURSE THAT IS NECESSARY FOR THE COMPLETION OF A DEGREE
22 AND THAT THE STUDENT ENROLLED IN THE COURSE BE PHYSICALLY PRESENT IN THIS
23 STATE AT THE TIME THE COURSE IS CONDUCTED. THE BASIC ACTUAL FULL-TIME
24 EQUIVALENT STUDENT ENROLLMENT SHALL BE COUNTED ON THE TWENTY-FIRST DAY AFTER
25 THE BASIC ACTUAL FULL-TIME EQUIVALENT STUDENT ENROLLMENT CLASSES BEGIN FOR
26 THE FALL SEMESTER, AS PUBLISHED IN THE UNIVERSITY CATALOGS. CLASS ROSTERS
27 THAT REFLECT ENROLLMENT AS OF THE TWENTY-FIRST DAY SHALL BE PROVIDED BY THE
28 REGISTRAR'S OFFICE TO EACH PROFESSOR OR INSTRUCTOR FOR EVERY CLASS SECTION.
29 THE CLASS ROSTER SHALL INDICATE THE COURSE NUMBER, COURSE TITLE, TIME,
30 INSTRUCTOR NAME AND STUDENTS ENROLLED. EACH PROFESSOR OR INSTRUCTOR IS
31 REQUIRED TO REVIEW THE CLASS ROSTER AND MAKE ADDITIONS OR DELETIONS AS
32 NECESSARY. ON THE TWENTY-FIRST DAY CLASS ROSTERS, EACH PROFESSOR OR
33 INSTRUCTOR SHALL INDICATE AS WITHDRAWN EACH STUDENT WHO HAS FORMALLY
34 WITHDRAWN FROM THE COURSE, AND THAT STUDENT SHALL NOT BE COUNTED FOR STATE
35 AID PURPOSES. THE OFFICIAL TWENTY-FIRST DAY ROSTERS SHALL INCLUDE A MANUAL
36 SIGNATURE AND DATE OR AN ELECTRONIC AUTHORIZATION AND DATE BY THE PROFESSOR
37 OR INSTRUCTOR AND SHALL INCLUDE THE FOLLOWING CERTIFICATION:

38 I HEREBY CERTIFY THAT THE INFORMATION CONTAINED IN THIS
39 CLASS ROSTER ACCURATELY REFLECTS THOSE STUDENTS WHO ARE
40 ENROLLED.

1 C. STUDENTS WHO HAVE WITHDRAWN OR WHO HAVE BEEN WITHDRAWN FROM CLASSES
2 AS OF THE TWENTY-FIRST DAY SHALL NOT BE COUNTED FOR STATE AID PURPOSES. A
3 RECORD SHALL BE MAINTAINED THAT IDENTIFIES STUDENT WITHDRAWALS BY DATE OF
4 WITHDRAWAL, AS OF THE TWENTY-FIRST DAY AND AFTER THE TWENTY-FIRST DAY FOR THE
5 ENTIRE SEMESTER.

6 D. Amounts appropriated as provided by subsection A shall be paid as
7 other claims against this state are paid.

8 ~~C.~~ E. The balance of appropriations as provided by subsection A at
9 the end of the fiscal year, if any, shall not revert to the general fund but
10 shall be carried forward for the continued use for which appropriated.

11 ~~D.~~ F. Monies appropriated to a university under the jurisdiction of
12 the Arizona board of regents for cost of living salary increases for
13 university employees shall be used to provide cost of living salary increases
14 to all university employees including graduate student assistants. If monies
15 are appropriated to a university for salary increases based on merit, the
16 monies shall be used to provide merit increases according to the merit pay
17 plan adopted by the Arizona board of regents.

18 G. THE ARIZONA BOARD OF REGENTS SHALL DETERMINE CURRENT ACTUAL
19 FULL-TIME EQUIVALENT STUDENT ENROLLMENT AT EACH OF THE INSTITUTIONS UNDER THE
20 JURISDICTION OF THE ARIZONA BOARD OF REGENTS. FULL-TIME EQUIVALENT STUDENT
21 ENROLLMENT SHALL BE CALCULATED BY ADDING THE FOLLOWING:

22 1. THE TOTAL NUMBER OF ENROLLED FALL SEMESTER CREDIT HOURS IN
23 100-LEVEL CREDIT COURSES AND 200-LEVEL CREDIT COURSES DIVIDED BY FIFTEEN.

24 2. THE TOTAL NUMBER OF ENROLLED FALL SEMESTER CREDIT HOURS IN
25 300-LEVEL CREDIT COURSES AND 400-LEVEL CREDIT COURSES DIVIDED BY TWELVE.

26 3. THE TOTAL NUMBER OF ENROLLED FALL SEMESTER CREDIT HOURS IN GRADUATE
27 LEVEL CREDIT COURSES DIVIDED BY TEN.

28 H. THE LEGISLATURE SHALL NOT APPROPRIATE MONIES SUPPORTING ANY STUDENT
29 WHO IS ENROLLED AT AN INSTITUTION UNDER THE JURISDICTION OF THE ARIZONA BOARD
30 OF REGENTS WHO HAS EARNED CREDIT HOURS IN EXCESS OF THE CREDIT HOUR
31 THRESHOLD, EXCEPT STUDENTS WHOSE CHOSEN PROGRAM REQUIRES FOR A DEGREE
32 ADDITIONAL CREDIT HOURS ABOVE THE CREDIT HOUR THRESHOLD. FOR THE PURPOSES OF
33 THIS SUBSECTION, THE CREDIT HOUR THRESHOLD IS ONE HUNDRED FIFTY-FIVE HOURS IN
34 FISCAL YEAR 2006-2007, ONE HUNDRED FIFTY HOURS IN FISCAL YEAR 2007-2008 AND
35 ONE HUNDRED FORTY-FIVE HOURS AFTER FISCAL YEAR 2007-2008.

36 Sec. 4. Section 15-1683, Arizona Revised Statutes, is amended to read:

37 15-1683. Issuance of bonds

38 A. The board shall have power, and is hereby authorized from time to
39 time, to issue bonds:

40 1. To acquire any one project, or more than one, or any combination
41 thereof, for such institution, ~~provided that~~ IF both of the following
42 conditions are met:

43 (a) As of the date of issuance of bonds or certificates of
44 participation for any institution, projected debt service on bonds and
45 certificates of participation then outstanding and proposed to be issued for
46 such institution, as shown in the most recent capital improvement plan

1 reported to the board, may not exceed, in any fiscal year shown in such
2 capital improvement plan, more than eight per cent of such institution's
3 total projected expenditures and mandatory transfers. The calculation of
4 compliance with this condition shall be as set forth in and approved by the
5 board in its adopted capital improvement plan for such institution.

6 (b) The project to be acquired with the proceeds of the bonds is
7 reviewed by the joint committee on capital review.

8 2. To refund bonds heretofore and hereafter issued to acquire any
9 project or projects for such institution as hereinafter provided for.

10 3. To refund any such refunding bonds.

11 4. For any one, or more than one, or all of such purposes, or any
12 combination thereof.

13 B. All bonds shall be authorized by resolution of the board and may be
14 issued in one or more series, may bear such date or dates, may be in such
15 denomination or denominations, may mature at such time or times not exceeding
16 THE EARLIER OF forty years from the respective dates thereof OR THE USEFUL
17 LIFE OF THE CAPITAL IMPROVEMENTS, may mature in such amount or amounts, may
18 bear interest at such rate or rates as shall be determined by the board,
19 payable at such time or times, may be in such form, either coupon or
20 registered as to principal only or as to both principal and interest, may
21 carry such registration privileges, including the conversion of a fully
22 registered bond to a coupon bond or bonds and the conversion of a coupon bond
23 to a fully registered bond, may be executed in such manner, may be made
24 payable in such medium of payment, at such place or places within or without
25 the state, and may be subject to such terms of redemption prior to their
26 expressed maturity, with or without premium, as such resolution or other
27 resolutions may provide. All bonds issued under this article shall be sold
28 as the board shall determine. Such resolution may provide that one of the
29 officers of the board shall sign such bonds manually and that the other
30 signatures may be printed, lithographed, engraved or otherwise reproduced
31 thereon. The coupon bonds shall be fully negotiable within the meaning of
32 the uniform commercial code, title 47.

33 Sec. 5. Section 15-1721, Arizona Revised Statutes, is amended to read:

34 ~~15-1721.~~ Definitions

35 In this article, unless the context otherwise requires:

36 1. "Board" means the board of medical student loans.

37 2. "GDP PRICE DEFLATOR" MEANS THE AVERAGE OF THE FOUR IMPLICIT PRICE
38 DEFLATORS FOR THE GROSS DOMESTIC PRODUCT REPORTED BY THE UNITED STATES
39 DEPARTMENT OF COMMERCE FOR THE FOUR QUARTERS OF THE CALENDAR YEAR.

40 ~~2-~~ 3. "Medically underserved area" means an area of this state
41 designated by the department of health services pursuant to title 36, chapter
42 24, article 1 or by federal law.

43 ~~3-~~ 4. "Medically underserved population" means an area designated by
44 the United States department of health and human services.

45 ~~4-~~ 5. "Rural" means either of the following:

1 (a) A county with a population of less than four hundred thousand
2 persons.

3 (b) A census county division with less than fifty thousand persons in
4 a county with a population of at least four hundred thousand persons.

5 Sec. 6. Section 15-1723, Arizona Revised Statutes, is amended to read:

6 15-1723. Medical student loans: amount: qualifications:
7 requirements

8 A. The board may grant loans from the medical student loan fund
9 established by section 15-1725 to defray the expenses of the medical
10 education of those students at a public or private school of medicine in this
11 state who intend to enter and complete a residency program approved by the
12 accreditation council for graduate medical education or by the American
13 osteopathic association to become board certified in family practice, general
14 pediatrics, obstetrics and gynecology, general internal medicine, or combined
15 medicine and pediatrics and who are deemed qualified by the board to receive
16 such loans. Loans shall be granted upon such terms and conditions as may be
17 imposed by the board. One of the qualifications shall be Arizona residency,
18 which shall be determined according to the same criteria prescribed for
19 in-state student status in section 15-1802. The board may grant forty loans
20 each year.

21 B. The loans granted by the board shall provide for EACH STUDENT
22 tuition plus A LIVING ALLOWANCE. ~~no more than ten thousand dollars for each~~
23 ~~student in 1992-1993. Beginning in 1993-1994 and continuing each year~~
24 ~~thereafter until June 30, 2002, each loan shall provide for tuition plus no~~
25 ~~more than ten thousand dollars per year adjusted by the percentage change in~~
26 ~~the GDP price deflator from the second preceding calendar year to the~~
27 ~~calendar year immediately preceding the current year. The amount provided~~
28 ~~for tuition shall not exceed the cost of registration for a full time student~~
29 ~~at a college of medicine at a university under the jurisdiction of the~~
30 ~~Arizona board of regents. For 2002-2003, each loan shall provide for tuition~~
31 ~~plus no more than sixteen thousand dollars for each student. Beginning in~~
32 ~~2003-2004 and continuing each year thereafter, each loan shall provide for~~
33 ~~tuition plus~~ THE LIVING ALLOWANCE SHALL BE no more than sixteen thousand
34 dollars for each student per year adjusted by the percentage change in the
35 GDP price deflator from the second preceding calendar year to the calendar
36 year immediately preceding the current year. ~~For purposes of this~~
37 ~~subsection, "GDP price deflator" means the average of the four implicit price~~
38 ~~deflators for the gross domestic product reported by the United States~~
39 ~~department of commerce for the four quarters of the calendar year.~~

40 C. The board shall make a full and careful investigation of the
41 ability, character and qualification of each applicant through a written
42 application and interview process and determine the applicant's fitness to
43 become a loan recipient. The investigation of each applicant shall include
44 an examination of the ability of the applicant to pay the expenses of a
45 medical education. The board shall give preference to qualified applicants
46 who are unable to pay the expenses of obtaining a medical education and to

1 qualified applicants who demonstrate a commitment to serve in an area listed
2 in subsection E of this section.

3 D. The services to be performed are service to the state by practicing
4 general practice, family practice, general pediatrics, combined medicine and
5 pediatrics, obstetrics and gynecology, or general internal medicine in an
6 area listed in subsection E of this section. The service location is subject
7 to approval by the board.

8 E. The board may approve service in any of the following locations:

9 1. A rural and medically underserved area of this state.

10 2. A medically underserved area of this state.

11 3. A medically underserved population of this state.

12 4. Any Indian reservation that is located in this state.

13 F. The board may specify an area listed in subsection E of this
14 section in the student's contract to permit the student to seek employment in
15 that area as a physician. After the area is specified by the board, that
16 area shall be designated in the student's subsequent contracts as an approved
17 area and as an approved service location.

18 G. The board shall collect and maintain data on the retention of
19 doctors who practice in an area listed in subsection E of this section. The
20 board shall collect this data for at least ten years after each loan
21 recipient completes the recipient's service commitment.

22 H. Private schools of medicine shall reimburse the university of
23 Arizona for any administrative costs related to the processing of loans for
24 students at private schools of medicine pursuant to subsection A of this
25 section.

26 Sec. 7. Section 15-1724, Arizona Revised Statutes, is amended to read:

27 15-1724. Medical student loans: interest: obligations: penalty:
28 authority of attorney general

29 A. Each applicant who is approved for a loan by the board may be
30 granted a loan for a period of up to five years.

31 B. The loans shall bear interest at the rate of seven per cent per
32 year.

33 C. Each loan shall be evidenced by a contract between the student and
34 the board, acting on behalf of this state. The contract shall provide for
35 the payment by the state of a stated sum or sums defraying the costs of a
36 medical education at a public or private school of medicine in this state and
37 shall be conditioned upon the contractual agreement by the recipient of such
38 loan to complete the service required by section 15-1723. The contract shall
39 provide that the recipient serving as a physician in an area listed in
40 section 15-1723, subsection E may receive compensation from the board for
41 such service and other services designated in the contract which compensation
42 shall be credited against amounts due under the loan and shall not exceed the
43 amount of the loan and any interest accrued on the loan. Such service shall
44 be full time as determined by the board and shall be for two years or one
45 year of service for each year of loan support, whichever is longer. A loan
46 and the interest accrued thereon may be fully paid with compensation received

1 for services as required by the contract or at the option of the recipient by
2 payment of all monies, interest and penalties for failure to fulfill the
3 contract.

4 D. A loan recipient shall begin the service for which the recipient
5 contracted as a condition of the loan within three years of completion of the
6 recipient's undergraduate medical education unless extended to four years by
7 the board. A recipient who is ordered into military service or for other
8 cause beyond the recipient's control deemed sufficient by the board is unable
9 to commence the required service within three years of such graduation shall
10 begin service within one year after completing military service or the
11 termination of such other cause.

12 E. If a recipient decides not to fulfill the conditions of the
13 contract by serving in an area listed in section 15-1723, subsection E, the
14 contract shall provide that the recipient shall be required to repay the full
15 amount borrowed, including tuition, at the seven per cent interest rate plus
16 a penalty for liquidated damages in an amount equivalent to the full amount
17 borrowed, including tuition, less the amount credited for time actually
18 served in a site approved by the board, to be calculated on a prorated
19 monthly basis. The board for good reason may provide for extensions of the
20 period of repayment specified in the loan recipient's contract. The board
21 may waive the payment of principal, interest and liquidated damages if it
22 determines that death or permanent physical disability accounts for the
23 recipient's failure to fulfill the contract. ~~For recipients entering into a~~
24 ~~contract prior to January 1, 1992, the board may, for the purpose of~~
25 ~~retaining the recipient's service in a federally designated medically~~
26 ~~underserved area of this state, release the recipient from obligations to the~~
27 ~~program if the recipient enters into a legally binding service contract with~~
28 ~~the United States public health service. The contracted term of service for~~
29 ~~the United States public health service must be for the same or longer term~~
30 ~~than the recipient's service commitment to this state under the medical~~
31 ~~student loan program.~~

32 F. If a recipient withdraws or is dismissed from medical school, the
33 recipient shall be required to repay the loan to the board with interest with
34 no penalty within one year of withdrawal. The board may for good reason
35 provide for extensions on the period of repayment.

36 G. On receipt of supporting documentation, the board for good cause
37 shown may defer the loan recipient's service or payment obligation or may
38 enter into repayment arrangements with the loan recipient or allow service
39 that is equivalent to full-time service if the board determines that this
40 action is justified after a review of the individual's circumstances.

41 H. The attorney general may commence whatever actions are necessary to
42 enforce the contract and achieve repayment of loans provided by the board
43 pursuant to this article.

44 Sec. 8. Section 15-1725, Arizona Revised Statutes, is amended to read:
45 15-1725. Medical student loan fund

1 A. The medical student loan fund is established. All monies
2 appropriated to carry out the provisions of ~~this article~~ SECTIONS 15-1723 AND
3 15-1724 shall be deposited in the fund, and all payments of principal and
4 interest received by the board shall be deposited, pursuant to sections
5 35-146 and 35-147, in the fund. Monies in the fund are subject to
6 legislative appropriation.

7 B. Monies in the medical student loan fund are exempt from the
8 provisions of section 35-190 relating to lapsing of appropriations.

9 Sec. 9. Title 15, chapter 13, article 7, Arizona Revised Statutes, is
10 amended by adding sections 15-1726, 15-1727 and 15-1728, to read:

11 15-1726. Medical student scholarships; amount; qualifications;
12 requirements

13 A. THE BOARD MAY GRANT SCHOLARSHIPS TO FIRST YEAR MEDICAL STUDENTS WHO
14 INTEND TO ENTER AND COMPLETE A RESIDENCY PROGRAM APPROVED BY THE
15 ACCREDITATION COUNCIL FOR GRADUATE MEDICAL EDUCATION OR BY THE AMERICAN
16 OSTEOPATHIC ASSOCIATION TO BECOME BOARD CERTIFIED IN FAMILY PRACTICE, GENERAL
17 PEDIATRICS, OBSTETRICS AND GYNECOLOGY, GENERAL INTERNAL MEDICINE, OR COMBINED
18 MEDICINE AND PEDIATRICS AND WHO ARE DEEMED QUALIFIED BY THE BOARD TO RECEIVE
19 SUCH SCHOLARSHIPS, FROM THE MEDICAL STUDENT SCHOLARSHIP FUND ESTABLISHED BY
20 SECTION 15-1728 TO DEFRAY THE EXPENSES OF MEDICAL EDUCATION AT A PUBLIC OR
21 PRIVATE SCHOOL OF MEDICINE IN THIS STATE. SCHOLARSHIPS SHALL BE GRANTED UPON
22 SUCH TERMS AND CONDITIONS AS MAY BE IMPOSED BY THE BOARD. ONE OF THE
23 QUALIFICATIONS SHALL BE ARIZONA RESIDENCY, WHICH SHALL BE DETERMINED
24 ACCORDING TO THE SAME CRITERIA PRESCRIBED FOR IN-STATE STUDENT STATUS IN
25 SECTION 15-1802. PREFERENCE SHALL BE GIVEN TO APPLICANTS WHO COMMIT TO AN
26 ARIZONA RESIDENCY PROGRAM.

27 B. THE SCHOLARSHIPS GRANTED BY THE BOARD SHALL PROVIDE FOR EACH
28 STUDENT TUITION PLUS A LIVING ALLOWANCE. THE LIVING ALLOWANCE SHALL BE NO
29 MORE THAN SIXTEEN THOUSAND DOLLARS FOR EACH STUDENT PER YEAR ADJUSTED BY THE
30 PERCENTAGE CHANGE IN THE GDP PRICE DEFLATOR FROM THE SECOND PRECEDING
31 CALENDAR YEAR TO THE CALENDAR YEAR IMMEDIATELY PRECEDING THE CURRENT YEAR.

32 C. THE BOARD SHALL MAKE A FULL AND CAREFUL INVESTIGATION OF THE
33 ABILITY, CHARACTER AND QUALIFICATION OF EACH APPLICANT THROUGH A WRITTEN
34 APPLICATION AND INTERVIEW PROCESS AND DETERMINE THE APPLICANT'S FITNESS TO
35 BECOME A SCHOLARSHIP RECIPIENT. THE INVESTIGATION OF EACH APPLICANT SHALL
36 INCLUDE AN EXAMINATION OF THE PRIOR ACADEMIC AND EXTRACURRICULAR PERFORMANCE
37 OF THE APPLICANT. THE BOARD SHALL GIVE PREFERENCE TO QUALIFIED APPLICANTS
38 WHO DEMONSTRATE SUPERIOR ACADEMIC AND EXTRACURRICULAR MERIT AND TO QUALIFIED
39 APPLICANTS WHO DEMONSTRATE A COMMITMENT TO SERVE IN AN UNDERSERVED AREA.

40 D. PRIVATE SCHOOLS OF MEDICINE SHALL REIMBURSE THE UNIVERSITY OF
41 ARIZONA FOR ANY ADMINISTRATIVE COSTS RELATED TO THE PROCESSING OF
42 SCHOLARSHIPS FOR STUDENTS AT PRIVATE SCHOOLS OF MEDICINE PURSUANT TO
43 SUBSECTION A OF THIS SECTION.

44 15-1727. Medical student scholarships; obligations; penalty;
45 authority of attorney general

1 A. EACH APPLICANT WHO IS APPROVED FOR A SCHOLARSHIP BY THE BOARD MAY
2 BE GRANTED A SCHOLARSHIP FOR A PERIOD OF UP TO FIVE YEARS.

3 B. EACH SCHOLARSHIP SHALL BE EVIDENCED BY A CONTRACT BETWEEN THE
4 STUDENT AND THE BOARD, ACTING ON BEHALF OF THIS STATE. THE CONTRACT SHALL
5 PROVIDE FOR THE PAYMENT BY THE STATE OF A STATED SUM OR SUMS DEFRAYING THE
6 COSTS OF A MEDICAL EDUCATION AT A PUBLIC OR PRIVATE SCHOOL OF MEDICINE IN
7 THIS STATE AND SHALL BE CONDITIONED UPON THE CONTRACTUAL AGREEMENT BY THE
8 RECIPIENT OF SUCH SCHOLARSHIP TO COMPLETE THE SERVICE REQUIRED. SUCH SERVICE
9 SHALL BE FULL TIME AS DETERMINED BY THE BOARD AND SHALL BE FOR TWO YEARS OR
10 ONE YEAR OF SERVICE FOR EACH YEAR OF SCHOLARSHIP SUPPORT, WHICHEVER IS
11 LONGER.

12 C. A SCHOLARSHIP RECIPIENT SHALL BEGIN THE SERVICE FOR WHICH THE
13 RECIPIENT CONTRACTED AS A CONDITION OF THE SCHOLARSHIP WITHIN THREE YEARS OF
14 COMPLETION OF THE RECIPIENT'S UNDERGRADUATE MEDICAL EDUCATION UNLESS EXTENDED
15 TO FOUR YEARS BY THE BOARD. A RECIPIENT WHO IS ORDERED INTO MILITARY SERVICE
16 OR FOR OTHER CAUSE BEYOND THE RECIPIENT'S CONTROL DEEMED SUFFICIENT BY THE
17 BOARD IS UNABLE TO COMMENCE THE REQUIRED SERVICE WITHIN THREE YEARS OF SUCH
18 GRADUATION SHALL BEGIN SERVICE WITHIN ONE YEAR AFTER COMPLETING MILITARY
19 SERVICE OR THE TERMINATION OF SUCH OTHER CAUSE.

20 D. IF A RECIPIENT DECIDES NOT TO FULFILL THE CONDITIONS OF THE
21 CONTRACT BY SERVING IN AN UNDERSERVED AREA, THE CONTRACT SHALL PROVIDE THAT
22 THE RECIPIENT SHALL BE REQUIRED TO REPAY THE FULL AMOUNT OF THE SCHOLARSHIP,
23 INCLUDING TUITION, AT THE SEVEN PER CENT INTEREST RATE PLUS A PENALTY FOR
24 LIQUIDATED DAMAGES IN AN AMOUNT EQUIVALENT TO THE FULL AMOUNT OF THE
25 SCHOLARSHIP, INCLUDING TUITION, LESS THE AMOUNT CREDITED FOR TIME ACTUALLY
26 SERVED IN A SITE APPROVED BY THE BOARD, TO BE CALCULATED ON A PRORATED
27 MONTHLY BASIS. THE BOARD FOR GOOD REASON MAY PROVIDE FOR EXTENSIONS OF THE
28 PERIOD OF REPAYMENT SPECIFIED IN THE SCHOLARSHIP RECIPIENT'S CONTRACT. THE
29 BOARD MAY WAIVE THE PAYMENT OF PRINCIPAL, INTEREST AND LIQUIDATED DAMAGES IF
30 IT DETERMINES THAT DEATH OR PERMANENT PHYSICAL DISABILITY ACCOUNTS FOR THE
31 RECIPIENT'S FAILURE TO FULFILL THE CONTRACT.

32 E. IF A RECIPIENT WITHDRAWS OR IS DISMISSED FROM MEDICAL SCHOOL, THE
33 RECIPIENT SHALL BE REQUIRED TO REPAY THE FULL AMOUNT OF THE SCHOLARSHIP
34 RECEIVED TO THE BOARD WITH INTEREST WITH NO PENALTY WITHIN ONE YEAR OF
35 WITHDRAWAL. THE BOARD MAY FOR GOOD REASON PROVIDE FOR EXTENSIONS ON THE
36 PERIOD OF REPAYMENT.

37 F. ON RECEIPT OF SUPPORTING DOCUMENTATION, THE BOARD FOR GOOD CAUSE
38 SHOWN MAY DEFER THE SCHOLARSHIP RECIPIENT'S SERVICE OR PAYMENT OBLIGATION OR
39 MAY ENTER INTO REPAYMENT ARRANGEMENTS WITH THE SCHOLARSHIP RECIPIENT OR ALLOW
40 SERVICE THAT IS EQUIVALENT TO FULL-TIME SERVICE IF THE BOARD DETERMINES THAT
41 THIS ACTION IS JUSTIFIED AFTER A REVIEW OF THE INDIVIDUAL'S CIRCUMSTANCES.

42 G. THE ATTORNEY GENERAL MAY COMMENCE WHATEVER ACTIONS ARE NECESSARY TO
43 ENFORCE THE CONTRACT AND ACHIEVE REPAYMENT OF SCHOLARSHIP PROVIDED BY THE
44 BOARD PURSUANT TO THIS ARTICLE.

45 15-1728. Medical student scholarship fund

1 A. THE MEDICAL STUDENT SCHOLARSHIP FUND IS ESTABLISHED. ALL MONIES
2 APPROPRIATED TO CARRY OUT THE PROVISIONS OF SECTIONS 15-1726 AND 15-1727
3 SHALL BE DEPOSITED IN THE FUND, AND ALL PENALTY PAYMENTS RECEIVED BY THE
4 BOARD SHALL BE DEPOSITED, PURSUANT TO SECTIONS 35-146 AND 35-147, IN THE
5 FUND. MONIES IN THE FUND ARE SUBJECT TO LEGISLATIVE APPROPRIATION.

6 B. MONIES IN THE MEDICAL STUDENT SCHOLARSHIP FUND ARE EXEMPT FROM THE
7 PROVISIONS OF SECTION 35-190 RELATING TO LAPSING OF APPROPRIATIONS.

8 Sec. 10. Section 35-174, Arizona Revised Statutes, is amended to read:

9 35-174. Vacancy savings; definition; personal services and
10 employee related expenditures; reversion

11 A. A "vacancy saving" is any monies saved or generated in personal
12 services and employee related expenditures by:

13 1. Not filling a position which has become vacant by termination of an
14 employee.

15 2. Not filling a newly authorized position.

16 3. Filling an authorized position at a grade or step lower than is
17 authorized by the legislature.

18 4. A downward reclassification of an authorized position.

19 B. A vacancy saving shall not be expended by the budget unit, except
20 upon approval of the director of the department of administration, for any of
21 the following purposes:

22 1. Awarding merit increases to state employees.

23 2. Funding reclassified positions.

24 3. Creating new positions that exceed the total number of full-time
25 equivalent positions as approved by the joint appropriations committees and
26 reported annually in the appropriations report.

27 C. An unexpended vacancy saving shall revert to the fund from which
28 appropriated except as provided in section 15-1661, subsection ~~E~~ E. The
29 reversion shall occur at the end of each fiscal year.

30 D. This section applies only to funds appropriated by the legislature.

31 Sec. 11. Medical student scholarship appropriation

32 The sum of \$1,500,000 is appropriated from the state general fund in
33 fiscal year 2005-2006 to the board of medical student loans to carry out the
34 provisions of sections 15-1726 and 15-1727, Arizona Revised Statutes, as
35 added by this act. At least fifty per cent of the monies shall be
36 apportioned for private medical school student scholarships.

37 Sec. 12. Arizona board of regents; reports

38 A. By December 31, 2005, the Arizona board of regents shall submit a
39 report to the joint legislative budget committee and the governor's office of
40 strategic planning and budgeting, on the advisability and options for
41 implementing a tuition structure that limits tuition increases for continuing
42 students to no more than inflation.

43 B. By December 1, 2005, the Arizona board of regents shall submit a
44 report to the joint legislative budget committee and the governor's office of
45 strategic planning and budgeting, on the full-time equivalent student
46 enrollment as of the 21st day and 45th day of the fall 2005 semester at each

1 university. The report shall also include the advantages and disadvantages
2 of using either enrollment count, or enrollment count for any other day of
3 the semester, for funding purposes. The Arizona board of regents shall
4 submit a similar report for the spring 2006 semester by April 15, 2006.

5 Sec. 13. Phoenix medical campus: appropriations: reporting

6 A. The university of Arizona shall establish a medical campus in
7 Phoenix, utilizing the campus of the Phoenix union high school. The Phoenix
8 medical campus shall address medical education needs throughout the state.

9 B. The sum of \$3,000,000 is appropriated from the state general fund
10 to the university of Arizona health sciences center in fiscal year 2005-2006
11 for the Phoenix medical campus.

12 C. The sum of \$500,000 is appropriated from the state general fund to
13 Arizona state university in fiscal year 2005-2006 for the department of
14 biomedical informatics.

15 D. The Phoenix medical campus shall accommodate twenty-four first year
16 medical students in instruction. The Phoenix medical campus shall continue
17 to accommodate those twenty-four students through the remaining years of
18 their instruction and clinical rotations.

19 E. By September 1, 2005, the Arizona board of regents shall submit for
20 review to the joint legislative budget committee its operational and capital
21 plans for the Phoenix medical campus. These plans shall include at least the
22 following:

23 1. Detail on expenditures to date by the Arizona board of regents, its
24 institutions, and its partners.

25 2. Detailed five-year operational and capital budgets, including
26 information on the expected sources of all funds.

27 3. A five-year description of enrollment, capacity growth, and
28 graduation expectations by practice area.

29 4. A 20-year financing plan detailing each funding source, including
30 options to maximize resources and partnerships with the Maricopa health care
31 district and other health care entities. Funding sources may include federal
32 grants monies, private donations and contributions from other public
33 entities.

34 5. The programs and areas of practice offered.

35 6. All partners involved in the Phoenix medical campus project, their
36 roles, and an organizational chart.

37 7. The contributions and financing arrangements of all partners
38 contributing to the capital plant, as well as the legal and financial
39 relationships of the Arizona board of regents and its institutions to these
40 partners.

41 F. If these plans are submitted by September 1, 2005, upon the review
42 of the joint legislative budget committee, but no later than October 5, 2005,
43 an additional \$3,000,000 from the state general fund in fiscal year 2005-2006
44 shall be appropriated to the university of Arizona health sciences center for
45 the Phoenix medical campus and an additional \$500,000 from the state general

1 fund in fiscal year 2005-2006 shall be appropriated to Arizona state
2 university for the department of biomedical informatics.

3 G. It is the intent of the legislature that no more than \$7,000,000
4 from the state general fund be appropriated for the Phoenix medical campus in
5 any fiscal year.

6 H. By December 31, 2005, the Arizona board of regents shall submit for
7 review to the joint legislative budget committee a progress report on the
8 Phoenix medical campus. This document shall include at least the following:

9 1. Detail on expenditures to date by the Arizona board of regents, its
10 institutions, and its partners.

11 2. The status of renovations to Phoenix union high school.

12 3. The status of faculty, staff, and student recruiting.

13 4. Any changes to the project scope or schedule.

14 I. The Arizona board of regents shall submit for review to the joint
15 legislative budget committee any significant material changes to the
16 operational plan for the Phoenix medical campus as last reviewed by the joint
17 legislative budget committee. The Arizona board of regents shall submit for
18 review to the joint committee on capital review any significant material
19 changes to the capital plan for the Phoenix medical campus as last reviewed
20 by the joint legislative budget committee or the joint committee on capital
21 review.

22 Sec. 14. Joint study committee on medical school education;
23 members; duties; report

24 A. The joint study committee on medical school education is
25 established consisting of the following members:

26 1. Two members of the senate who are appointed by the president of the
27 senate, each of whom is from a different political party.

28 2. Two members of the house of representatives who are appointed by
29 the speaker of the house of representatives, each of whom is from a different
30 political party.

31 3. One licensed doctor of osteopathy who is qualified in graduate
32 medical education and who is appointed by the speaker of the house of
33 representatives.

34 4. One licensed medical doctor who is qualified in graduate medical
35 education and who is appointed by the president of the senate.

36 5. One member of a special health care district board who is a
37 chairman of a committee on professional practices or a committee of public
38 policy and who is appointed by the speaker of the house of representatives.

39 6. Two members who have been residents of Maricopa county for at least
40 ten years, one of whom is appointed by the president of the senate and one of
41 whom is appointed by the speaker of the house of representatives.

42 B. The committee may utilize the expertise and services of legislative
43 staff and may enter into consulting contracts.

44 C. The joint study committee shall:

1 1. Evaluate the medical education and training needs for health
2 professions and careers throughout the state, including the medical and
3 nursing fields.

4 2. Review and evaluate public and privately provided education
5 programs in health professions and careers.

6 3. Review plans submitted by the Arizona commission on medical
7 education and research.

8 4. Review and evaluate the funding necessary to address the medical
9 education needs of this state.

10 5. Review the implications of family practice on graduate medical
11 education in this state.

12 6. Study methods to retain medical practitioners trained in this
13 state.

14 7. Review locations for medical training facilities that are the most
15 economical and that provide the most benefit to this state.

16 8. Study the medical needs of the communities of this state as they
17 relate to special health care districts and their coordination with existing
18 medical training facilities.

19 9. Study the funding for any phase of a newly established state
20 medical campus and identify additional funding and capital commitments from
21 other public and private entities.

22 10. Study any other market or environmental factors that create
23 barriers to the practice of medicine in Arizona.

24 11. Submit a report by December 1, 2005 that summarizes the joint study
25 committee's findings and conclusions to the governor, the president of the
26 senate and the speaker of the house of representatives. The Committee shall
27 provide a copy of this report to the secretary of state and the director of
28 the Arizona state library, archives and public records.

29 Sec. 15. Arizona partnership for nursing education
30 demonstration project; fund

31 A. The Arizona partnership for nursing education demonstration project
32 is established to increase the capacity of nursing education programs in this
33 state by fostering collaboration among the state's education and health care
34 communities and the state and federal governments. The demonstration project
35 shall address this state's nursing shortage by increasing the number of
36 nurses graduating from this state's nursing education programs with the goal
37 of doubling the number of nursing graduates by the end of fiscal year
38 2009-2010 from the number graduating in fiscal year 2004-2005.

39 B. The nursing education demonstration project fund is established.
40 The fund consists of monies appropriated to the fund and monies provided by
41 any federal agency, entity or program for nursing education and workforce
42 expansion. Monies in the fund are exempt from the provisions of section
43 35-190, Arizona Revised Statutes, relating to lapsing of appropriations.

44 C. Fund monies shall be allocated into a board of regents account and
45 a community colleges account based on the number of nursing students
46 graduating in fiscal year 2004-2005 from programs offered or overseen by the

1 board of regents as compared to the number of nursing students graduating in
2 fiscal year 2004-2005 from programs offered or overseen by community
3 colleges.

4 D. The Arizona board of regents shall administer the board of regents
5 account. The department of commerce shall administer the community colleges
6 account.

7 E. Monies in the nursing education demonstration project fund shall be
8 used:

9 1. To pay for salaries, benefits, training and related expenses and
10 operational costs necessary to increase the number of qualified nursing
11 education faculty members teaching in nursing degree programs operated or
12 overseen by the Arizona board of regents or by community college districts.

13 2. To pay for those expenses prescribed in paragraph 1 only for
14 additional nursing education faculty members based on the number of faculty
15 members who provide this education on June 30, 2005.

16 3. To supplement and not supplant monies that are appropriated by the
17 legislature for the fiscal years 2005-2006 through 2009-2010 by funding the
18 number of nursing education faculty members who provide this education in
19 fiscal year 2004-2005.

20 F. Monies in the fund shall not be used for capital expenses related
21 to educating nursing students.

22 G. The Arizona board of regents shall establish a process to annually
23 distribute fund monies from the board of regents account to universities for
24 use as prescribed in this section. A statewide organization that represents
25 community colleges shall make recommendations to the department of commerce
26 on a process to annually distribute fund monies from the community colleges
27 account to community colleges for use as prescribed in this section. The
28 department of commerce shall award grants to community colleges for use as
29 prescribed in this section, based on the recommendations from a statewide
30 organization that represents community colleges. The department of commerce
31 shall establish an application form, process and procedure by which monies
32 may be granted. The grants prescribed in this subsection are subject to the
33 availability of monies. Fund monies shall be distributed in a manner
34 designed to increase the number of nurses graduating from universities and
35 community colleges by increasing available faculty and teaching resources in
36 a manner that provides for the efficient use of available monies and shared
37 resources, geographic distribution of nurses in this state and increased
38 diversity in the nursing workforce. The distribution systems may include
39 grant programs that provide monies to universities and community colleges
40 after submission of grant proposals.

41 Sec. 16. Appropriation; purpose

42 The sum of \$4,000,000 is appropriated annually from the state general
43 fund in fiscal years 2005-2006 through 2009-2010 to the nursing education
44 demonstration project fund for the purposes prescribed in this act.

45 Sec. 17. Clinical rotations

1 A public or private medical school in this state shall not prohibit a
2 hospital from entering into an agreement to provide student clinical
3 rotations to qualified osteopathic or allopathic medical students.

4 Sec. 18. Delayed repeal

5 A. Section 14 of this act, relating to the joint study committee on
6 medical school education, is repealed from and after January 15, 2006.

7 B. Section 15 of this act, relating to the nursing education
8 demonstration project, is repealed from and after June 30, 2010.

9 Sec. 19. Applicability

10 The amendments to section 15-1626, Arizona Revised Statutes, by this
11 act apply beginning with the 2006-2007 academic year.